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CONSIDERATION OF GUIDELINES ON KEY SECTORS FOR TRADE EFFICIENCY: CUSTOMS, TRANSPORT, BANKING AND INSURANCE, INFORMATION FOR TRADE, BUSINESS PRACTICES AND TELECOMMUNICATIONS

Draft recommendations for Governments
submitted by the Chairperson

GE.94-52032

DRAFT RECOMMENDATIONS ON BANKING AND INSURANCE

The availability of modern trade-related finance, payment and risk management products is a critical element in the expansion of international trade within the developing world. Trade inefficiency in financial services can have a significant impact on the ability of firms, particularly SMEs, to participate in international trade or to compete effectively with exporters from other countries.

The development of efficient markets for financial services will facilitate increased international trade in goods and services, through improvements in the products and levels of service provided by the trade finance community. To further the development of their indigenous financial services industry, Governments should:

1. Address the unique structural aspects of the market for trade-related financial services when formulating policy in the area of financial services regulation. Market access restrictions should be eliminated for those financial products which cannot be effectively delivered by a solely domestic provider. Policy-makers should also consider the indirect impact of protectionist restrictions affecting trade-related financial services, particularly their effect on export competitiveness;

2. Review their current laws and regulations affecting trade finance, insurance and international payments to ensure that they are consistent with accepted international practices;

3. Consider ratifying and implementing existing international conventions which seek to further harmonize international trade finance law;

4. Evaluate existing exchange control regulations to ensure that they facilitate the use of current financing and payment techniques;

5. Consider allowing exporters to secure foreign exchange to purchase modern financial products which enhance their competitiveness but are not available locally.

DRAFT RECOMMENDATIONS ON CUSTOMS

Customs play a key role in international trade. Every international trade transaction involves at least two Customs interventions, one at export and one at import. It is clear, therefore, that the manner in which Customs conduct their business has a substantial impact on the movement of goods across international borders. To promote the efficient flow of goods in international trade, Governments, through their Customs authorities, should:

1. In consultation with other interested parties (both governmental and non-governmental, as appropriate), clearly define their corporate objectives for Customs and develop and publish an overall long-term Plan which sets out the manner in which it is intended to achieve these objectives;

2. Urgently examine their existing Customs practices and institute a programme of reform for those procedures that are identified as inefficient or redundant. Reference should be made to existing international conventions on Customs process simplification and harmonization (the Kyoto Convention of the Customs Cooperation Council). This should be undertaken with national trade and transport interests to ensure full coordination of carrier, port and Customs controls;

3. Maximize the use of information technology to assist Customs in the efficient performance of their duties. Computer applications for the Customs processing of commercial and financial transactions should be developed. Consideration should be given, where applicable, to implementing UNCTAD's programme for Customs computerization and reform Automated System for Customs Data (ASYCUDA). Computer interfaces (aimed at using United Nations EDIFACT interchange standards) which allow for the electronic submission of manifests, goods declarations, etc., should be developed and made available to traders;

4. Ensure the effective use of scarce manpower resources by means of risk assessment, profiling, selectivity and targeting techniques to identify high-risk consignments for physical examination. The proportion of consignments to be physically examined by Customs should be kept to a minimum consistent with the accomplishment of control objectives;

5. Take steps to make available facilities for pre-arrival processing of transactions, which can deliver significant trade facilitation benefits and, with

appropriate safeguards, does not compromise in any way the control objectives of Customs. The electronic submission of pre-arrival cargo data further facilitates this process;

6. Examine closely the possibility of speeding up, as much as possible, the process of goods release based on a minimum of essential information. However, they should ensure that all information necessary for proper revenue collection, accounting, and precise statistical reporting is communicated to the Customs authorities;

7. Rationalize the cargo clearance process, which frequently requires the intervention of several government agencies in addition to Customs, through coordinated interventions by the agencies concerned or by investing responsibility for all cargo clearance activities in one single authority, i.e. Customs;

8. Simplify procedures for determining Customs value, which can cause significant delays in the clearance of import consignments, through the use of the Customs valuation method prescribed in the GATT Agreement, as administered by the Customs Cooperation Council, which is administratively less complex than other methods currently in use in some countries;

9. Endeavour, where possible and when high Customs tariffs are developed for national revenue, to broaden their tax base so that Customs tariffs may be moderated, since excessively high Customs tariffs encourage evasion through a variety of fraudulent practices and make enforcement more difficult;

10. Take steps to foster a cooperative rather than a confrontational approach to Customs operations. The Memorandum of Understanding (MOU) programme of the Customs Cooperation Council should be used as a vehicle for greater cooperation between Customs authorities and commercial operators;

11. Take steps to ensure the highest level of integrity and professional standards within their Customs service. The measures identified by the Customs Cooperation Council in the Arusha Declaration on Integrity in Customs should be implemented. Effective penalty measures are also required to discourage low standards of integrity in the trading community;

12. Institute Customs reform programmes aimed at enhancing the efficiency and effectiveness of their Customs services, thereby avoiding as far as possible the need to use the services of pre-shipment inspection agencies to carry out Customs-related activities. While recourse to such services might be a necessity in certain circumstances, it should be regarded as an interim measure;

13. Consider, as appropriate, setting minimum standards for shipping agents, freight forwarders and Customs clearing agents/brokers or encourage these professions to set their own standards and monitor performance, since the factors causing delays in the release of goods include inefficiency and lack of professionalism on the part of some members of these professions;

14. Ensure maximum transparency and fluidity of Customs operations by providing the trading community with the necessary information on Customs formalities and requirements. Such information should be kept up to date and should be easily accessible;

15. Enhance Customs controls and facilitate import clearance by considering, on a bilateral (or multilateral) basis, the routine electronic transmission of export data from the country of export to the Customs authority of the importing country, in accordance with the laws and regulations concerning disclosure of information;

16. Ensure, in countries where foreign trade statistics are based on Customs data, the reliability of the raw statistical data, as well as their timely transfer to the institutions responsible for the compilation of trade statistics;

17. Ensure that Customs are adequately resourced to perform their designated role efficiently, effectively and to a high standard of professional ethics, since a Customs service starved of resources will certainly be an obstacle to trade;

18. Ensure, through their representatives on the ruling body of the Customs Cooperation Council, that the Council is adequately resourced to carry out the urgent technical assistance tasks which it is called upon to do. The Council, as the international organization for Customs matters, has a key role to play with regard to the implementation of many of the above recommendations by its member administrations

DRAFT RECOMMENDATIONS ON BUSINESS INFORMATION

Business information plays a key role in international marketing and competitiveness. Access to timely, accurate business information and the ability to use the information is a major factor in international trade efficiency. To promote the free flow of business information and equal access to that information by enterprises of all sizes, Governments should:

1. Encourage enterprises, in particular newcomers to international trade and small- and medium-size enterprises, to explore the scope for internationalization, as appropriate;

2. Facilitate circulation of, and access to, sources of economic and business information, which represent an important input in the transition to a more outward-looking development pattern. Particular consideration should be given to SMEs and newcomers to international trade. For example, trade promotion organizations and trade commissioner services could be used. International experience on the conditions of success for running efficient business centres and services should be taken into account;

3. Improve training capacities for more effective use of business information, particularly in developing countries and economies in transition. This should include the strengthening of local training institutions (training of trainers), as well as specialized training assistance to trade promotion institutions, business associations and the enterprise sector;

4. Make special efforts to ensure that the necessary telecommunications infrastructures are in place to permit effective access to business information sources, such as on-line databases, especially in developing countries and countries in transition;

5. Support the use of internationally accepted standards, formats, and coding

systems when used in the dissemination of information;

6. Ensure a non-discriminatory and conducive policy framework for commercial suppliers of business information;

7. Ensure that a focal point exists in each country to collect, process and make available for retrieval all relevant information on the country's trade regulations, product by product and using standard formats;

8. Develop a coordinated approach to the complex tasks of government institutions relating to business information, for example by establishing a national focal point;

9. Ensure the availability and reliability of up-to-date trade statistics, including those on trade volume and values, using internationally compatible nomenclatures. Submit those statistics, on a timely basis to the United Nations Statistical Office. Encourage the use of available modern technologies in the collection and dissemination of statistics;

10. Encourage public and private business information services to strengthen their capacities as intermediaries and interpreters of business information, in particular for small and medium-size enterprises;

11. Encourage government departments which generate business information, such as departments of statistics, Customs, ministries of trade, central banks, etc., to develop efficient methods of disseminating that data to meet the needs of national and international business communities;

12. Encourage trade points to provide national and international business information.

DRAFT RECOMMENDATIONS ON TRANSPORT

Trade and transport are inextricably linked; efficient transport services are a prerequisite to successful trading. Growth in international trade demands the implementation of trade efficiency measures in the transport sector. To support rapid growth in international trade, Governments should:

1. Liberalize, modernize and harmonize transport laws and regulations, particularly through the definition of regulatory items which will foster the development by domestic or foreign investors of logistics that encourage the adoption of commercial practices in the transport chain;

2. Implement specific transport operations improvements such as formation of block-train services, preferential movement of transport modes, and granting of container terminal concessions to companies that operate according to commercial practices; (provide guidelines to update commercial banking and insurance practices in line with international practices recommended by the ICC; and stimulate private investment in training;)

3. Develop subregional cooperation projects regarding harmonization of transport regulatory policies and legal regimes to find multilateral solutions to existing problems, particularly in the field of Customs transit;

4. Encourage the establishment of subregional data bases on transport (from the Advance Cargo Information System and other sources).

DRAFT RECOMMENDATIONS ON TELECOMMUNICATIONS

Telecommunications are a key factor for international trade in goods and services. Open access to international telecommunications is critical for efficient trade, and therefore Governments should:

1. Develop efficient telecommunications services to serve the needs of participants in international trade;

2. Prepare for and allow competition with regard to value-added services;

3. Identify the minimum service requirements necessary for the efficient use of telecommunications networks for local, national, and international trade by small and medium-sized enterprises;

4. Provide the necessary support and assistance to enhance capacity-building in the area of telecommunications, in order to allow all participants in international trade to benefit from efficient trade practices and trade supporting services. In doing so, they should keep in mind the Buenos Aires Declaration and Action Plan adopted at the First World Telecommunications Development Conference in March 1994. Special attention should be granted to the specific situation of the least developed countries;

5. Ensure development of network access in remote or low-density regions for small business users through the adoption of appropriate network architectures;

6. Establish the necessary telecommunications networks and services to enable the efficient functioning and interconnecting of all trade points, thereby achieving maximum benefits for all participants.

DRAFT RECOMMENDATIONS ON BUSINESS PRACTICES

Obtaining new market opportunities requires not only the maintenance of free trade principles, but also substantial improvements in the efficiency of the overall trading process. Trade efficiency can be achieved as a result of trade facilitation, improving access to better marketing information and the adoption of new business concepts. In this context Governments should:

1. Ensure that trade facilitation issues are taken into account when formulating trade and transport policies;

2. Set up national committees where government services and commercial operators are represented to promote trade facilitation where not already in existence, with a clear remit:

   - To reduce administrative impediments, in both public and private sectors, and search for concerted solutions to international trade- and transport-related issues;

   - To encourage the use of best practice, including information technology, throughout the trading, transport and distribution, and payment processes, following international standards; and

   - To help develop the skills of the people involved;

3. Encourage subregional meetings of national trade facilitation committees;

4. Ensure that the national trade facilitation committee assists traders in carrying out their work in two ways:

   - Simplifying, coordinating and standardizing procedures for exports and imports by all modes of transport;

   - Developing an aligned import and export document system, both for paper documents and their electronic equivalent, based on international standards, the United Nations Layout Key for paper documents, the United Nations Electronic Data Interchange for Administration, Commerce

and Transport (EDIFACT);

5. Establish transparent and simplified procedures to obtain licenses for exports or imports of restricted or sensitive products. Once a license is issued, control should be linked to routine export and import controls, for example, customs clearance;

6. Establish simplified procedures to obtain foreign exchange for international trade;

7. Simplify the procedures for certification of origin;

8. Ensure that national regulations on dangerous goods conform to the relevant international standards; where possible, the dangerous goods declaration should be incorporated in an existing commercial document;

9. Review their international trade statistical needs in order to keep data requirements to a minimum. Data should be collected at a time, and in a way, that cause minimum delay to the movement of goods, such as by periodic scheduled returns;

10. Ensure, when the public sector provides international trade services or buys and sells goods, that efficient procedures are used.